USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 5/20/2010
GAIN Report Number: IS1006

Israel

Oilseeds and Products Annual

Annual Report

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Report Highlights:
Israel is completely dependent on imports of soybeans to meet its feed needs.
Soybean imports in MY 2009/10 are estimated to remain at about 540 tmt. Due to high supplies of soybeans from South American countries, mainly Brazil, the U.S. market share of soybeans is expected to decrease slightly from 39 percent in MY 2008/09 to 34 percent in MY 2009/10 but to rebound back to 2008 levels in 2010/2011. Post estimates the U.S. share of soybeans is projected to remain at 28-45 percent in the forthcoming years, while the remainder is being supplied mainly by Brazil and Argentina.

Soy meal and sunflower meal are the main meals used in local poultry, dairy and cattle farms in Israel. In recent years, sunflower meal imports (mainly from Ukraine) have increased significantly and this trend is expected to continue. In MY 2008/9 U.S. soybean meal imports reached a record high (86,000 tons); however it is estimated that South American (mainly Argentina) soy meal

market share in MY 2009/10 and 2010/2011 will increase significantly leaving the American share at 20 and 35 tmt respectively.

Executive Summary:

Despite the global and local economic slowdown, soybean imports in MY 2008/09 (October 2008 through September 2009) remained at last year's levels (540 tmt). Competitive prices of soybeans from South America combined with complaints from local importers that U.S. soybeans contain lower protein and oil levels compared to Brazilian soybeans, caused decreased soybean imports from the US, whose market share for soybean decreased in MY 2008/09 from 56 percent share to 39 percent share.

During the first five months of MY 2009/10 (October 2009 - February 2010) soybean imports decreased by 42 percent (from 194 TMT to 113 TMT), compared to the same period in MY 2008/09. However, post is expecting the pace to increase significantly during the rest of MY 2009/10 as Brazilian, Argentine and Paraguayan soybean exports should increase and catch up to last year's level of 540 tmt. Due to high supplies of soybeans from South American countries, the U.S. market share of soybeans is expected to decrease to 34 percent in MY 2009/10. Due to forecasts that the local and global economic environment will continue to improve combined with the projected increase in domestic annual population growth, soybean import levels are forecast to rise 10 percent in 2010/2011.

Sunflower meal and soy meal are the main meals imported to Israel. Due to higher supplies of sunflower meals (mainly from Ukraine) combined with U.S. soybean meal imports reaching a record high (86,000 tons) in MY 2008/2009, imports of all oil meals in MY 2008/09 increased by 56 percent (from 219 tmt to 342 tmt). The increase in imports of U.S. soy meal in MY 2008/9 was due to high prices of South American soybean meals combined with strikes in Brazil and Argentina (Argentina*'s* farmers strike and Brazil's strike action by customs).

Data for the first 5 months of MY 2009/10 show total oil meal imports decreased by 39 percent (from 149 TMT to 91 TMT), compared to the same period in the previous year. The decrease is mainly due to the drop in American soy meal imports. However, post expects the pace of total imports to increase during the rest of MY 2009/10 as Brazilian and Argentine soy meal exports increase and sunflower meal imports from Ukraine and Russia should also rise. Post estimates that total meal imports in MY 2009/2010 and MY 2010/2011 will be slightly below MY 2008/2009 levels.

Data for the first 5 months of MY 2009/10 reveal that American oil meal market share has decreased significantly compared to the same period one year ago (from 38 percent share to 14 percent share). Post estimates that the U.S. oil meal share will continue to decline from 25 percent in MY 2008/09 to 5 percent in MY 2009/10 and 2010/2011.

Soy, corn, canola, olive and sunflower oils are all produced in Israel. Approximately 85 percent of local vegetable oil consumption is from local production, and the remainder is imported. The industrial sector consumes about 80,000 tons of vegetable oil annually, of which soy oil is in highest demand. The household sector consumes about 56,000 tons of vegetable oils per year, of which canola and olive oils are the most demanded. In recent years, demand for canola oil has increased significantly both by the industrial and household sectors. As a result of the local economic slowdown, it is estimated that vegetable oil imports decreased slightly in MY 2008/09 (by quantity). However, due to the improved local economic situation, post estimates that oil imports in MY 2009/10 will increase 10 percent compared to the previous MY. On the other hand,

soybean imports are forecast to increase by 10 percent in MY 2010/11, therefore local production of soybean oil will increase, and as a result, total oil imports will likely remain at or slightly below MY 2009/10 levels.

Commodities:

Oilseed, Soybean

Oilseed, Sunflowerseed

Oilseed, Rapeseed

Production:

No oilseeds are produced for crushing. In MY 2008/09, confectionary sunflower seed production totaled about 15,000 tons, of which about 11,200 tons (75 percent) were exported, primarily to Spain and the remainder consumed in the local market. Also in 2008/09, about 16,000 tons of peanuts were produced, of which about 11,000 tons (70 percent) were exported to the EU.

Sunflowers - As a result of the increased world sunflower prices in recent months, post forecasts that local sunflower production in 2010 will increase by 10 percent compared to 2009 harvest. In MY 2009/10 and MY 2010/11, sunflower planted area is expected to reach 9,500 hectares with a production of 16,000 tons.

Peanuts – Post estimates that peanuts production will total about 16,000 MT, in MY 2009/10 and MY 2010/11 unchanged from the previous year. Planted area for peanuts is forecast at 3,500 ha for both years. The Negev region (southern part of Israel) is the largest peanuts growing area in the country.

In recent years local peanuts and sunflower production are relatively stable and are not estimated to change significantly in the forthcoming years.

Israel: Total Oilseeds

MY 2008/09	Soybean	Canola	Peanuts	Sunflower	Total
Area Harvested	0	0	3.5	9	12.5
Production	0	0	16	15	31
Crush	510	27	0	2	539
Imports	539	27	0	0	566
Exports	0	0	11 (confectionary peanuts)	11 (confectionary sunflower seeds)	22

MY 2009/10	Soybean	Canola	Peanuts	Sunflower	Total
Area Harvested	0	0	3.5	9.5	13
Production	0	0	16	16	32

Crush	517	40	0	3	560
Imports	540	40	0	0	580
Exports	0	0	11 (confectionary peanuts)	11 (confectionary sunflower seeds)	22

MY 2010/11	Soybean	Canola	Peanuts	Sunflower	Total
Area Harvested	0	0	3.5	9.5	13
Production	0	0	16	16	32
Crush	563	40	0	3	606
Imports	594	40	0	0	634
Exports	0	0	11 (confectionary peanuts)	11 (confectionary sunflower seeds)	22

** All data in 1,000 hectares and 1,000 metric tons

Consumption:

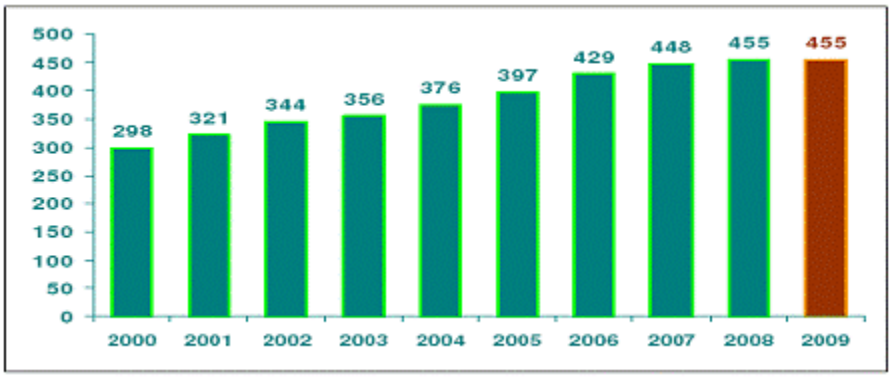
In CY 2009, local production of broilers remained at 2008 levels (455,000 tons) even though forecasts made in March 2009 predicted that broiler production would experience a 10 percent decrease due to the economic slowdown. The negative effects on the Israeli economy were much less than were predicted; therefore, local production did not decrease. However, the Israeli economy did experience a slight slowdown causing broiler meat consumption per capita to decrease by 1.8 percent in 2009 (annual population growth rate is 1.8 percent).

In recent years local turkey production has declined (nearly 17 percent in CY 2009) due to changing consumer preferences, which consider broiler meat tastier than turkey meat. (See chart 2).

Milk production in CY 2009 increased by 1 percent compared to 2008, instead of the 7 percent decrease that was forecasted in March 2009. The negative effects on the Israeli economy were much less than predicted; therefore, local milk demand did not decrease.

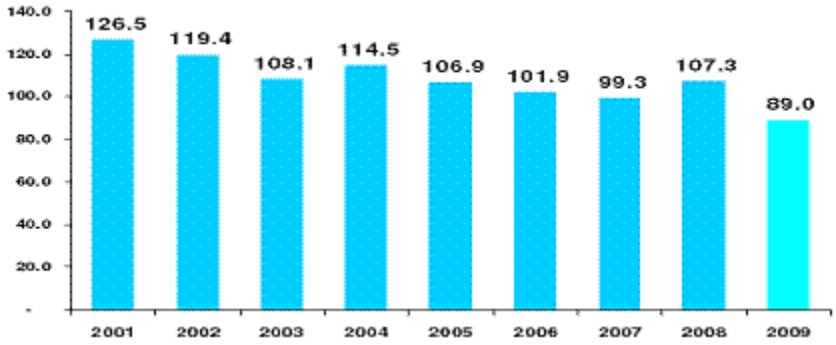
Post estimates that soybean use will remain at current levels in MY 2009/10 and will increase by 10 percent in MY 2010/11. The increase in MY 2010/11 is forecast as the local and global economic environments continue to improve and the Israeli population grows. As a result of the above mentioned reasons, per capita local consumption and exports of broiler and meat products are expected to increase. Therefore, soybean use is forecast to increase by about 10 percent in MY 2010/11.

Chart 1: Local Broiler Meat Production, CY, Thousand tons



Source: Israeli Farmer's Federation

Chart 2: Local Turkey Meat Production, CY, Thousand tons



Source: Israeli Farmer's Federation

Trade:

Exports

Only confectionary peanuts and confectionary sunflower seeds are exported. About 11,200 tons of confectionary sunflower seeds were exported in CY 2009. As a result of the recession in the EU and especially in Spain (Israel's primary destination for sunflower seeds), combined with inconsistent quality of Israeli confectionery sunflower seeds (the size and color are not homogeneous), exports of Israeli confectionary sunflower seeds to Spain decreased by about 10 percent in the last two years. Israel's main confectionery sunflower seeds competitors in Spain are China, Argentina and the U.S.

Peanut exports are relatively small and stable. Italy and Germany are the primary destination for Israeli peanut exports. In 2008 peanuts exports totaled about 10,500 MT (in shelled), valued at $23.2 million (see table 2). Despite of the economic slowdown in the EU, exports of peanuts in CY 2009 remained at the same level.

Table 1: Exports of Confectionary Sunflower Seeds, CY 2008, $ Thousands

Destination	Value	Market Share -%
Spain	13,707	86.4
U.S.	1,167	7.3
Romania	744	4.7
Others	245	1.6
Total	**15,863**	**100**

Source: CBS, Foreign Trade Statistics.

Table 2: Exports of Peanuts (in shelled), CY 2008, $ Thousands

Destination	Value	Market Share -%
Italy	16,101	69.3
Germany	4,095	17.6
Switzerland	1,686	7.3
Others	1,334	5.8
Total	**23,216**	**100**

Source: CBS, Foreign Trade Statistics.

Imports

MY 2008/09 – Despite the global and local economic slowdown, local feed demand did not decrease in marketing year 2008/09 (October 2008 - September 2009), and soybean imports totaled 539 tmt, unchanged from the previous MY (540 tmt). On the other hand, in CY 2009, soybean imports decreased by nearly 7 percent compared to CY 2008 and reached a six-year low record, with 496 tmt. The continued decrease in recent years in soybean imports is mainly due to significantly higher imports of other protein sources, such as sunflower meal, DDGS and gluten feed. The slight decrease in broiler meat consumption per capita and the continued decrease in turkey meat consumption also contributed to lowering imports.

Importers favored Brazilian over U.S. soybeans because of the higher protein and oil levels of the South American soybeans. As a result, U.S. soybean imports decreased by 30 percent and accounted for only 39 percent of the market. However, U.S. soybeans are still a major player in the local soybean industry.

MY 2009/10 Estimates – It is estimated that soybean imports in 2009/10 will remain relatively constant at about 540 tmt. Israeli importers will continue to import large quantities of South American soybeans. Data for the first five months of marketing year 2009/10 (October 2009-February 2010) show soybean imports decreased by nearly 42 percent from the same period one year ago (from 194 tmt to 113 tmt); however, post expects the pace to increase significantly during the rest of MY 2009/10.

Although the U.S. market share for soybeans increased 45 percent in the first five months of 2009/2010, compared to the same time period one year ago (from 40 percent market share to 58 percent market share), Israeli importers report that imports from the U.S. will not continue at this pace because U.S. soybeans contain lower protein and oil levels compared to those from Brazil and as the new South American crop becomes available. Therefore, it is estimated that American soybean imports in 2009/10 will decrease slightly and Brazil will take over part of the American market share. U.S. market share of soybeans in Israel is expected to decrease to 34 percent in MY 2009/10.

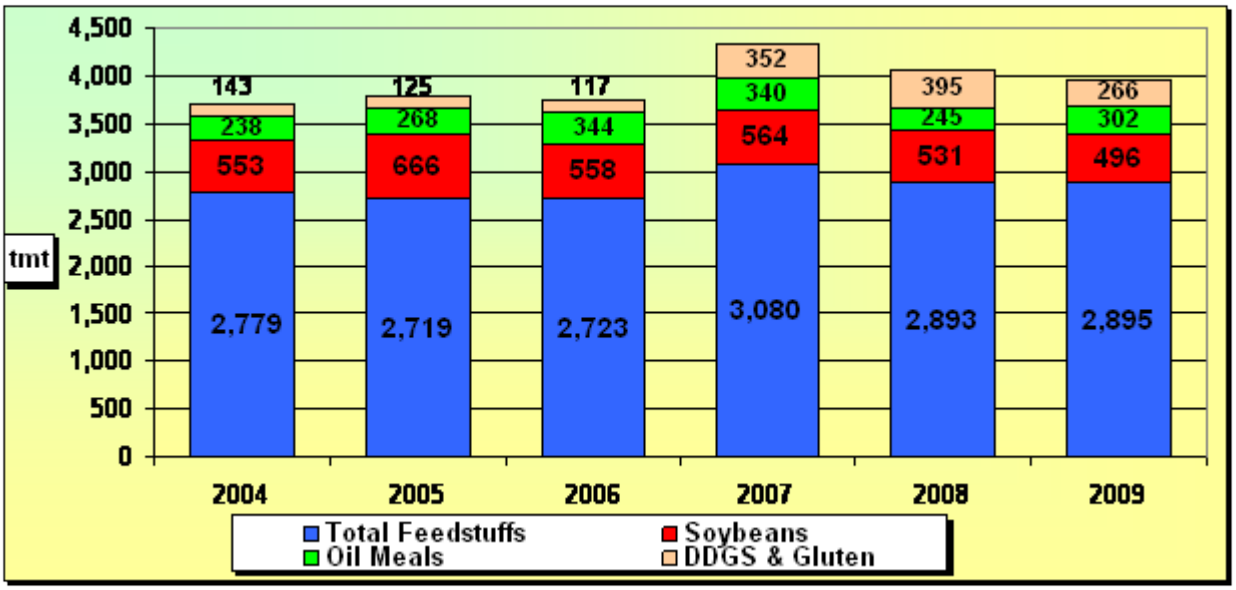
MY 2010/11 Forecast - The Israeli feed milling industry shifts easily from corn, barley, sorghum and other protein sources (sunflower meal, DDGS and gluten feed) to feed wheat and soybeans depending on price relationships. If the global and domestic economic environment continues to improve and prices for sunflower meals and other protein sources increase while soybean prices drop, total Israeli soybean imports are forecast to rise about 10 percent and reach 590 tmt in MY 2010/11.

In recent six marketing years, annual soybean imports ranged from 534 tmt to 681 tmt; therefore, average soybean imports during this time period are 573 tmt. The U.S. market share for soybeans ranged from 24 to 56 tmt per MY, averaging 37 percent. Therefore, imports in MY 2010/2011 are forecast to be slight above average.

If U.S. soybeans will continue to contain lower protein and oil levels compared to those from Brazil combined with continued high supplies of Brazilian soybeans, therefore, the American market share in 2010/11 is forecast to remain at about 37 percent.

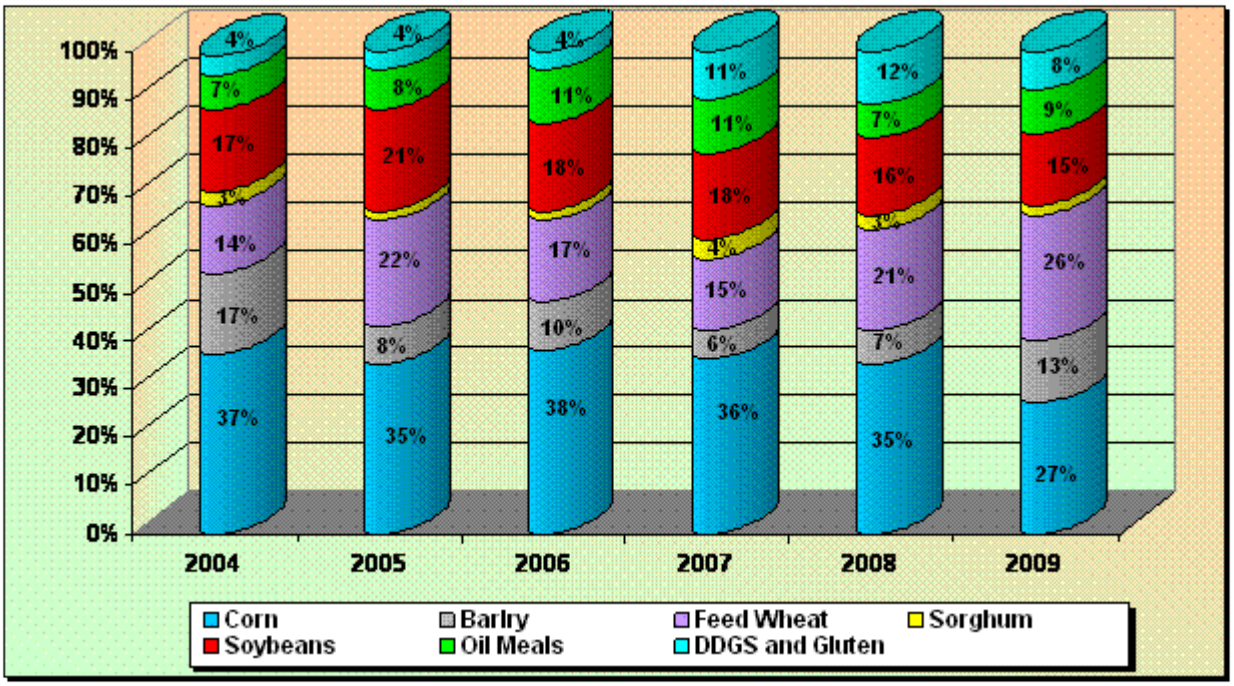
In the future, the U.S. is forecast to maintain 28-45 percent market share, with Brazil Argentina, Paraguay and Uruguay supplying the bulk of the soybean imports. Post estimates that soybean imports are forecast to be at 530,000-610,000 tons in the forthcoming years.

Chart 3: Import of Major Feedstuff [1] , Soybean, Oil Meals, DDGS & Gluten, CY



Source: Israeli Ministry of Agriculture

Chart 4: Major Feedstuff and Soybean Import to Israel, Market Share, CY



Source: Israeli Ministry of Agriculture

Table 3: Imports into Israel of Oilseeds, Oil Meals and Other Protein Sources, MY[2] , Thousand Metric Tons

MY	Soybeans	Meals	Rapeseeds	Gluten Feed & DDGS	Total Import

2003/04	570	255	41	156	1,022
2004/05	681	222	37	143	1,083
2005/06	534	288	47	88	957
2006/07	576	405	48	246	1,275
2007/08	540	219	27	424	1,210
2008/09	539	342	27	348	1,256
Average	**573**	**289**	**38**	**234**	**1,134**
2008/09 (5 months)	194	149	10	161	514
2009/10 (5 months)	113	91	27	116	347
2009/10 % Change Compared to the Same Period One Year Ago	**-42%**	**-39%**	**170%**	**-28%**	**-33%**

Source: Ministry of Agriculture, Office of Prices and Supply

Table 4: U.S. Soybeans, Meals and Other Protein Sources Imports to Israel, MY, Thousand Metric Tons

MY	Soybeans	Meals	Rapeseeds	Gluten Feed & DDGS	Total Import From the U.S.
2003/04	163	35	8	149	355
2004/05	163	5	0	136	304
2005/06	191	0	0	88	279
2006/07	206	75	0	228	509
2007/08	304	0	0	356	660
2008/09	212	86	0	327	625
Average	**207**	**34**	**1**	**214**	**455**
2008/09 (5 months)	77	57	0	149	283
2009/10 (5 months)	66	13	0	116	195
2009/10 % Change Compared to the Same Period One Year Ago	**-14%**	**-77%**	**0%**	**-22%**	**-31%**

Source: Ministry of Agriculture, Office of Prices and Supply

Table 5: U.S. Share Out of Total Soybeans, Meals and Other Protein Sources Imports, Percent

MY	Soybeans	Meals	Rapeseeds	Gluten Feed &

				DDGS
2003/04	28.6	13.7	19.5	95.5
2004/05	23.9	2.3	0	95.1
2005/06	35.8	0.0	0	100.0
2006/07	35.8	18.5	0	92.7
2007/08	56.3	0.0	0	84.0
2008/09	39.3	25.1	0	94.0
Average	**36.6**	**9.9**	**3.2**	**93.6**
2008/09 (5 months)	39.7	38.3	0	92.5
2009/10 (5 months)	58.4	14.3	0	100
2009/10 % Change Compared to the Same Period One Year Ago	**47.1%**	**-62.7%**	**0%**	**8.1%**

Source: Ministry of Agriculture, Office of Prices and Supply

Import Trade Matrix, Soybean

The following table summarizes Israeli soybean imports.

Import Trade Matrix Israel Oilseed, Soybean (TMT)			
Time Period: CY			
Imports for:	**2008**		**2009**
U.S.	279	U.S.	216
Others	0	Others	0
Total for Others	0	Total for Others	0
Others not Listed	252	Others not Listed	280
Grand Total	531	Grand Total	496

[1] Corn, feed wheat, barley, sorghum

[2] October - September

Marketing:

Prices

The local price for confectionary sunflower seeds has increased about 20 percent in recent months and currently it stands at around NIS 6,000 ($1,600 [1]) per ton.

[1] Exchange Rate - $1=NIS3.75

Production, Supply and Demand Data Statistics:

PSD Table Israel Oilseed, Soybean									
	2008	Revised		2009	Estimate		2010	Forecast	
	USDA Official	Post Estimate	New Post Data	USDA Official	Post Estimate	New Post Data	USDA Official	Post Estimate	New Post Data
Market Year Begin		10/2008			10/2009			10/2010	
Area Planted	0	0	0	0	0	0	0		0
Area Harvested	0	0	0	0	0	0	0		0
Beginning Stocks	28	29	28	20	28	34	20		31
Production	0	0	0	0	0	0	0		0
MY Imports	326	490	539	450	550	540	450		594
MY Imp. from U.S.	167	100	212	320	170	185	320		220
MY Imp. from the EC	0	0	0	0	0	0	0		0
TOTAL SUPPLY	354	519	567	470	578	574	470		625
MY Exports	0	0	0	0	0	0	0		0
MY Exp. to the EC	0	0	0	0	0	0	0		0
Crush Dom. Consumption	310	470	510	423	524	517	423		563
Food Use Dom. Consump.	16	13	15	17	15	16	17		17
Feed, Seed, Waste Dm.Cn.	8	8	8	10	10	10	10		11
TOTAL Dom. Consumption	334	491	533	450	549	543	450		591
Ending Stocks	20	28	34	20	29	31	20		34
TOTAL DISTRIBUTION	354	519	567	470	578	574	470		625
Calendar Year Imports	300	531	495	450	500	515	450		570
Calendar Yr Imp. U.S.	161	279	216	320	155	185	320		195
Calendar Year Exports	0	0	0	0	0	0	0		0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0	0		0

Commodities:

Meal, Soybean

Meal, Sunflowerseed

Meal, Rapeseed

Production:

Oil meal production is primarily for the poultry sector. It is limited by crushing capacity and complemented by imports. Local oil meal demand is forecast to remain relatively stable at about 780 thousand tons in the next few years, while local production will be about 470 thousand tons.

In MY 2009/10, local soybean meal production is forecast to be unchanged compared to the previous MY and will total about 420 tmt. However, due to the expected increase in soybean imports in MY 2010/11, local soybean meal production in MY 20010/11 is forecast to increase by about 10 percent to 457 tmt. Local oil meal production is mainly of soy meal, and the rest is canola meal. Local canola oil meal production in MY 2009/10 is forecast to increase by about 50 percent compared to the previous year and will total 24 tmt. The increase is mainly due to increased local consumption of canola oils. In MY 2010/11, canola oil meal is forecast to be unchanged compared to MY 2009/10. Three processing plants produce oil meals in Israel.

Local crushers can produce 44 percent and Hi Pro soy meals (48 percent). MY 2008/09 marked the third consecutive year that out of total local soy meal production most of production was 48 percent. This trend is expected to continue in the next years.

Local crushing plants cannot satisfy the growing demand for Hi-Pro meal and shortage is satisfied by imports. Out of total soy meal consumption in CY 2009 (about 490 tmt), 12 percent (61 tmt) was imported.

Ukrainian and Russian sunflower meal exports to Israel have increased in the last four years due to the relatively low price of sunflower meal compared to other oil meals. It is estimated that sunflower meal imports in CY 2009 increased by about 30 percent from last year at the expense of canola meal imports and DDG'S and gluten feed imports.

Israel: Total Oilmeals

MY 2008/09	Soybean	Sunflower	Canola	Total
Crush	510	0	27	537
Production	413	0	16	429
Imports	86	246	4	332
Exports	0	0	0	0

MY 2009/10	Soybean	Sunflower	Canola	Total
Crush	517	0	40	557
Production	418	0	24	442
Imports	90	233	0	323
Exports	0	0	0	0

MY 2010/11	Soybean	Sunflower	Canola	Total
Crush	563	0	40	603
Production	457	0	24	481
Imports	70	245	0	315
Exports	0	0	0	0

** All data in 1,000 metric tons

Trade:

Exports

No exports of oil meals or feed were recorded in MY 2008/09 and this situation is not expected to change in the future. Approximately 7 percent of Israeli feed mix sales are to the Palestinian Authority (PA), mainly for poultry, sheep and goats.

Imports

Soybean meal - Local companies import high protein meal with 48 percent protein from the U.S. and Brazil. In addition, the companies import 46 percent protein meals from Argentina.

MY 2008/09 – In MY 2008/09, due to higher supplies of sunflower meals mainly from Ukraine, combined with U.S. soybean meals imports reaching a record high, imports of all kinds of oil meals increased by 56 percent compared to the previous MY (from 219 tmt to 342 tmt). In MY 2008/09, imports of U.S. soybean meals reached a record high, with 86,000 tons (0 tons in the previous MY), and with a 25 percent market share (out of all kinds of oil meals).

CY 2009 - In CY 2009, imports of all kinds of oil meals increased 24 percent from CY 2008 (from 243 tmt to 302 tmt). Out of the total oil meals imports in CY 2009, approximately 235,000 tons (78 percent) was sunflower meal, 61,000 tons (20 percent) soybean meal, and the remainder was canola meal (6,000 tons). Sunflower meal was imported mainly from Ukraine, and the rest was imported from Russia. Canola meal was imported primarily from Belgium.

In CY 2009, due to high prices of South American soybean meals combined with strikes in Brazil and Argentina (Argentina's farmers nation-wide strike and Brazil's strike by customs workers), Israeli importers imported soybean meals only from the U.S. In CY 2009, the U.S. share out of all kinds of oil meals reached a six-year record with a 20 percent market share.

MY 2009/10 Estimate – Data for the first 5 months of 2009/10 (October-February) show total oil meal [1] imports decreased by 39 percent from the same period one year ago (from 149 tmt to 91 tmt). Most of the decrease is in U.S. soy meals; however, post expects the pace to increase during the rest of MY 2009/10 as Brazil and Argentine soy meal exports and Ukrainian and Russian sunflower meal exports are expected to increase. Total oil meal imports will likely remain at or slightly below MY's 2008/09 levels.

Data for the first 5 months of 2009/10 reveal that American oil meal market share has decreased significantly compared to the same period one year ago to only 14 percent. As the new South American crop becomes available, crushers will purchase mostly Argentine and Brazilian soy meal for the remainder of the marketing year.

MY 2010/11 Forecast – If DDGS, gluten feed and other feed ingredient alternatives imports continue to increase, total oil meal imports will decrease by about 10 percent compared to MY 2009/10,totaling about 300 tmt. However, it is forecast that sunflower meal imports will continue

to be a major competitive feedstuff ingredient if its prices continue to be relatively low compared to other feed ingredient alternatives.

On the other hand, if soybean prices will increase total oil meal imports may go back up to MY 2008/09 levels.

In recent 6 marketing years oil meal imports ranged from 219 tmt to 405 tmt per MY, averaging 289 tmt per year. Therefore, 2010/2011 total meal imports are forecast to be above average.

Import Trade Matrix, Meal

Import Trade Matrix Israel Meal, Soybean (TMT) Time Period: CY			
Imports for:	**2008**		**2009**
U.S.	40	U.S.	61
Others	0	Others	0
Total for Others	0	Total for Others	0
Others not Listed	40	Others not Listed	0
Grand Total	80	Grand Total	61

[1] Soy meal, sunflower meal and canola meal.

Policy:

Trade Policy

In November 2009 Israel and the European Commission signed the renewed and expanded FTA on agricultural products and processed food products . The agreement came into effect in January 2010. According to the agreement, the EU received a quota for tax-free imports of 5,220 tons of soy meal. Out of quota EU soy meal imports face a 7.5 percent tariff, while U.S. soy meal exports face a smaller tax burden compared to the exports of soy meals from other origins (see table 7).

Table 6: New FTA between the EU and Israel, Imports into Israel

HS Code	Description	Reduction of the MFN customs duty (%)	Tariff quota (tons)	Reduction of the MFN customs duty beyond current tariff quota (%)
2304	Soy Meal	100	5,220	–

23063000	Oilcake and other solid residues	Applicable duty : 2.5 %	10,000	–
230641	Rape seed meal	Applicable duty : 4.5 %	3,920	–

Table 7: Tariffs on Soy Meals, Percent

Soy Meal	
US	**Other Countries**
4.5	7.5

Marketing:

Soybean Meal Prices

From March 2009 through March 2010, soy meal (44%) prices increased 7 percent. The changes were dictated by the price for soybeans in the Chicago Board of Trade (CBOT).

Table 8: Prices for Feed Grains, Oilseeds and other Protein Sources, $ Per Ton (at the feed mill gate)

	March 2010	February 2010	March 2009	% Change March 2010 Compared to March 2009
Corn	$228	$228	$205	11.2%
Feed Wheat	$198	$202	$195	1.5%
Barley	$178	$182	$205	-13.2%
Soy Meal (44%)	$440	$480	$410	7.3%
Sunflower Meal (37%)	$273	$275	$205	33.2%
Canola Meal	$280	$295	$275	1.8%
D.D.G	$270	$275	$225	20.0%
Gluten Feed	$220	$220	$210	4.8%

Source: Israeli Cattle Breeder's Association

Production, Supply and Demand Data Statistics:

PSD Table Israel **Meal, Soybean**										
	2008	Revised		2009	Estimate		2010	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	

Market Year Begin		**10/2008**			**10/2009**			**10/2010**		MM/YYYY
Crush	310	470	510	423	524	517	423		563	(1000 MT)
Extr. Rate, 999.9999	1.	1.	0.8098	1.	1.	0.8085	1.		0.8117	(PERCENT)
Beginning Stocks	12	9	12	12	9	16	12		14	(1000 MT)
Production	247	400	413	337	460	418	337		457	(1000 MT)
MY Imports	84	130	86	80	100	90	80		70	(1000 MT)
MY Imp. from U.S.	84	65	86	50	45	20	50		35	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0		0	(1000 MT)
Total Supply	343	539	511	429	569	524	429		541	(1000 MT)
MY Exports	4	0	0	3	0	0	6		0	(1000 MT)
MY Exp. to EU	1	0	0	1	0	0	1		0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	0		0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0		0	(1000 MT)
Feed Waste Dom. Cons.	327	530	495	414	560	510	411		528	(1000 MT)
Total Dom. Cons.	327	530	495	414	560	510	411		528	(1000 MT)
Ending Stocks	12	9	16	12	9	14	12		13	(1000 MT)
Total Distribution	343	539	511	429	569	524	429		541	(1000 MT)
CY Imports	67	80	65	80	95	90	80		95	(1000 MT)
CY Imp. from U.S.	57	40	61	50	40	25	50		35	(1000 MT)
CY Exports	2	0	0	5	0	0	6		0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0		0	(1000 MT)
SME	327	530	495	414	560	510	411		528	(1000 MT)

Commodities:
Oil, Soybean
Oil, Rapeseed

Production:

Soy, canola, olive and sunflower oils are produced in Israel, and production is growing slightly to keep pace with moderately rising demand and trends in soy crush.

Israel: Total Main Oils

MY 2008/09	Soybean	Canola	Total
Crush	510	27	537
Production	91	12	103
Imports	8	2	10
Exports	1	1	2

MY 2009/10	Soybean	Canola	Total
Crush	517	40	557
Production	93	17	110
Imports	10	2	12
Exports	2	2	4

MY 2010/11	Soybean	Canola	Total
Crush	563	40	603
Production	100	17	117
Imports	9	2	11
Exports	2	2	4

** All data in 1,000 metric tons

Consumption:

Approximately 85 percent of local vegetable oil consumption is from local production, and the remainder is imported. There are 2 main markets for oil: the industrial sector and households. It is estimated that the industrial sector consumes about 80,000 tons of vegetable oil annually, of which soy oil is the most demanded oil (about 85 percent market share).

It is estimated that the households sector consumes about 56,000 tons of vegetable oils per year. In recent years, household sector consumption of vegetable oils increased modestly, in line with population growth. However, in recent years consumption of canola oil increased significantly on the account of soy oil consumption. In addition, olive oil consumption increased at a steady pace at about 5 percent annually and currently the local olive oil consumption is estimated at about 16,000 tons per year, of which about 5,000-9,000 tons is from local production, and the remainder is imported. The inconsistent local olive oil harvest is a result of the "fluctuations phenomenon", an exceptional low yield that occurs once every 2-3 years.

Trade:

Imports

As a result of the local economic slowdown it is estimated that vegetable oil imports decreased slightly in MY 2008/09 (by quantity). However, post estimates that due to the improved local economic situation, oil imports in MY 2009/10 are forecast to increase 10 percent compared to the previous year.

Soybean and canola oilseeds imports are forecast to increase in MY 2010/11, therefore local production of soybean and canola oils is expected to increase by about 8 percent, and as a result total oil imports will likely remain at or slightly below MY's 2009/10 levels.

Total vegetable oil imports represent approximately 15 percent of local oil consumption. Soy oil is imported mainly from South America (Argentina & Brazil), while some is imported from the U.S. Canola oil is imported primarily from Belgium. Palm oil is imported from Malaysia and Indonesia, only for the industrial sector.

Policy:

Trade Policy

In the renewed free trade agreement on agricultural products and processed food products signed between the EU and Israel, there are quotas for tax-free imports of vegetable oils. In addition, U.S. and EU exports face a smaller tax burden compared to the exports from other countries (see table 10).

Table 9: New FTA between the EU and Israel, Imports into Israel

HS Code	Description	Reduction of the MFN customs duty (%)	Tariff quota (tons)
1507 10 10 1507 90 10	** Soya bean oil, whether or not degummed, edible	100	5,000
1509 10 1509 90 30	Olive oil, virgin Olive oil, other than virgin, edible	100	300
1509 90 90	Olive oil, other than virgin, other than edible	100	700
1512	Sunflower-seed, safflower or cotton-seed oil and fractions thereof, whether or not refined, but not chemically modified, edible	40	unlimited

1514	Rape, colza or mustard oil and fractions thereof, whether or not refined, but not chemically modified, edible	40	unlimited

** Above the 5,000 tons quota, imports of soy oil from the EU face a 4 percent tariff.

Table 10: Tariffs on Oils, Percent

Soy oil, Sunflower oil and Canola oil	
US EU	Other Countries
4	7

Marketing:

Prices

The local annual average price for soy oil in the second half of CY 2009 decreased slightly (2.5% down) compared to the same period one year ago. It is estimated that imported oil prices were higher by an average of 5-15 percent compared to local oil prices.

Table 11: Local Monthly Retail Average Price for Soy and Olive Oils

Month	Soy Oil – 1 Liter	Olive Oil – 0.75 Liter
6/2009	$2.89	$11.20
7/2009	$2.96	$11.28
8/2009	$3.01	$11.17
9/2009	$2.93	$10.65
10/2009	$3.07	$10.94
11/2009	$3.06	$11.03
12/2009	$2.89	$10.71
1/2010	$3.01	$10.86
2/2010	$2.94	$10.79

Source: Price Statistics Monthly, CBS.

Production, Supply and Demand Data Statistics:

PSD Table Israel Oil, Soybean										
	2008	Revised		2009	Estimate		2010	Forecast		UOM
	USDA Offici	Post Estimate	Post Estimate	USDA Offici	Post Estimate	Post Estimate	USDA Offici	Post Estimate	Post Estimate	

	al		New	al		New	al		New	
Market Year Begin		10/2008			10/2009			10/2010		MM/YYYY
Crush	310	470	510	423	524	517	423		563	(1000 MT)
Extr. Rate, 999.9999	0.	0.	0.1784	0.	0.	0.1799	0.		0.1776	(PERCENT)
Beginning Stocks	2	0	2	2	1	3	2		3	(1000 MT)
Production	56	62	91	76	63	93	76		100	(1000 MT)
MY Imports	10	14	8	10	14	10	10		9	(1000 MT)
MY Imp. from U.S.	4	0	2	1	0	1	1		1	(1000 MT)
MY Imp. from EU	4	2	0	4	2	0	4		0	(1000 MT)
Total Supply	68	76	101	88	78	106	88		112	(1000 MT)
MY Exports	1	1	1	1	1	2	1		2	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0		0	(1000 MT)
Industrial Dom. Cons.	33	42	66	40	44	67	41		69	(1000 MT)
Food Use Dom. Cons.	32	32	31	45	33	34	44		36	(1000 MT)
Feed Waste Dom. Cons.	0	0	0	0	0	0	0		0	(1000 MT)
Total Dom. Cons.	65	74	97	85	77	101	85		105	(1000 MT)
Ending Stocks	2	1	3	2	0	3	2		5	(1000 MT)
Total Distribution	68	76	101	88	78	106	88		112	(1000 MT)
CY Imports	10	13	8	10	13	11	10		10	(1000 MT)
CY Imp. from U.S.	5	0	2	1	0	2	1		2	(1000 MT)
CY Exports	1	1	1	1	1	2	1		2	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0		0	(1000 MT)